

much higher food prices. But it will mean more than that, more than food price economics.

Go to a small town. I come from a small town of 300 people. Go to a small town and look around that town. We need to understand what is it that feeds the economic life of that small community. All across this country the blood vessels of our small towns are those yard lights out on the family farms. If you turn off those yard lights and turn those family farms into corporate agrifactories, all of those small towns die quickly.

The question before us is both social and economic. Is there an interest in maintaining a network of family farms in this country's future? I think the answer is yes. If the answer is yes, then we ought to put together something with price supports that make sense for family farmers.

When prices drop and stay down, we ought to put something together to put some payment in place which we will provide in the same basic level of a safety net in the long term.

If we fail to provide some long-term safety net it means that we do not care whether our young farmers get started. It means we do not care whether there is renewal on family farms, and we do not care whether there are family farms and small towns in the future.

I hope we can find a way by tomorrow evening to reach agreement on a bipartisan basis to pass a farm bill out of this Senate and put it into conference. We need a farm bill that provides some attractive features on the front end and one that provides much greater flexibility of planting for farmers, forgiveness of advance deficiency payments, and certainly the retention in the long term of a network of price supports for family farms.

If we can do that, we will have done something significant. There is no reason, if we work together, that we cannot have finished a farm bill by the end of next week, one which the President could sign and one which will provide family farmers some certainty about their future.

MERCHANDISE TRADE DEFICIT

Mr. DORGAN. Mr. President, none of my colleagues is here. We are not in business with votes today. We are in business today for the purpose of introduction of legislation, and we will have votes tomorrow. I would like to turn to one additional topic.

I am going to bring to the floor of the Senate some information about our merchandise trade deficit in the next couple of days. It is interesting to me that we have an enormous amount of debate in this country about the budget deficit. It is appropriate because our budget deficit is a serious problem for this country. We are spending money which we do not have. We are borrowing it. When we do that, we run into trouble if we keep doing it. We need to have a budget that is in balance. We

need to do it the right way with the right priorities. No one disputes that.

Yet, the interesting thing is that there is a conspiracy of silence it seems to me. It's almost a complete conspiracy of silence about another deficit that is even larger than the budget deficit in this country. That is this country's trade deficit. Our merchandise trade deficit in America last year was higher than the Federal budget deficit. I will bet hardly anybody knows that.

We had over a \$60 billion trade deficit with Japan, over a \$30 billion deficit with China, and nearly a \$40 billion deficit with Canada and Mexico combined.

What does all of that mean? It means fewer American jobs, lower American wages, less American growth, and less opportunity for the people who live in this country.

I am not suggesting we ought to construct a trade strategy that says, "Let us put walls around our country and keep out the exports from other countries in order to reduce our trade deficit." That is not the point I am making.

The point I am making is that China says to us, "We are going to ship you all of our goods, all of our trinkets. We will ship you all of our manufactured products, all of our textiles. And, we are going to do it in sufficient quantities so that we will run up a \$30 billion trade surplus with you." That is real trouble because what that means is we have transferred jobs that used to be good-paying manufacturing jobs in the United States to China. They are now lower paid manufacturing jobs in China. It is also true with Mexico. It is true with Japan.

Did you know that every single day there are two to three permits approved down on the Mexican-United States border from the maquiladora plants, the plants by which companies transfer their production from America to just outside of our country. They move just across that invisible line, the international border, so that they do not have to comply with the pollution laws of America, so they can pay lower wages for someone living outside of our country, and then manufacture goods there and ship them back to us here?

Do you know Hershey kisses used to be American? Not any longer. They are now made in Mexico. Hanes underwear closed six plants in America. Guess where most of that underwear is going to come from in the future?

Moving jobs from America to other countries means less opportunity here. It means slower economic growth. It means trouble for American workers and for American young people who want to go to school to learn and to get a good job. Nobody seems to care much about it. Trade deficits, that does not matter. Nobody talks about that.

NAFTA is a good example of what I am concerned about. When NAFTA was proposed to the U.S. Congress, there was one major study called the Hufbauer-Schott study. One of the fel-

lows was Gary Hufbauer, an economist. He predicted an enormous number of new jobs in America if we would pass NAFTA, the trade agreement with Mexico and Canada.

Well, I did not support NAFTA for a lot of reasons. I felt that we would have a wholesale loss of American jobs. The year before the United States-Mexican trade agreement was approved by the Congress, we had a \$2 billion trade surplus with Mexico. Two years later, we now have in this last year nearly an \$18 billion trade deficit with Mexico. We went from a \$2 billion surplus to an \$18 billion deficit.

Mr. Hufbauer in that study had predicted I think 130,000 new American jobs if we would pass NAFTA. He now says maybe he ought to be in a different business. He says, "I am not much of an estimator." He now says he thinks we lost 220,000 American jobs as a result of NAFTA.

That is just one example of a trade circumstance that has gone awry. I suppose in theory it does not matter much. I have never found a journalist who has lost a job because of imports or exports. So, you are not going to read a lot in the Washington Post about our merchandise trade deficit.

In fact, when we debated NAFTA in the Congress, I counted the column inches devoted, pro and con, to the trade agreement in the Washington Post, New York Times, Wall Street Journal, and Los Angeles Times, four major papers. Do you know what these citadels of free speech and free expression gave? It was a 6 to 1 ratio, 6 column inches for NAFTA on their editorial and op-ed pages, and 1 column inch against. They gave a 6-to-1 advantage for those who were proposing this trade agreement versus those who were opposed to it. That is what we faced in dealing with this topic.

What I wish to do is to call this deficit to the attention of the Congress and the American people. We need to understand the trade deficit, especially the merchandise trade deficit.

You do not in this country move America ahead by measuring our progress by what we consume. You measure it by what we produce. Economic progress is what we produce. And yet every single month you will hear on the news the economy is rolling along because we consumed more of this or we bought more cars or bought more of that, or that retail sales were up.

That is not a barometer of economic progress. The barometer of progress is what has happened to production in this country. Are we producing more or less? And the second barometer, equally as important as it relates to production, is what has happened to wages.

It has hurt over 60 percent of American families. When they sit down for dinner tonight at their dinner table—actually, in my hometown they sit down for supper; we still call it supper, but out East they call it dinner. But, when they sit down at the dinner table

and they talk about their situation, 60 percent of American workers, are making less money now than they did 20 years ago when you adjust their income for inflation. They are making less money now than 20 years ago. They have made no progress in 20 years. In fact, they have lost ground.

Now, why would people lose ground in 20 years with respect to their personal income? Because we have constructed a trade circumstance where we say to them, you American workers, especially you lower skilled American workers, we are going to ask you to compete with 2 or 3 billion other people and those people are willing to work for 12 cents an hour, 40 cents an hour or a dollar an hour. And they work for people who put up factories where they do not have to worry about pollution. They can pump the waste in the water. They can pump the pollution straight up in the air.

So, the result is we get somebody working an hour and a quarter of direct labor to make a pair of tennis shoes in Malaysia, making 14 cents an hour. Thus there is roughly 20 cents or slightly less in direct labor costs in a pair of tennis shoes from a plant in Malaysia. The labor comes from a woman, often under age, who works 12 hours a day at 14 cents an hour. Then that tennis shoe made there is shipped to Pittsburgh or Fargo or Denver and sold for \$80 a pair. It comes with a 20-cent direct labor cost from a foreign country. It is under these kind of circumstances that we have told American workers: "You compete with someone making 14 cents an hour."

We cannot do that. You cannot compete with that. You lose. What do you lose? You lose the jobs. You lose the plants and the jobs, and you lose economic opportunity and economic vitality in our country.

As perverse as it may sound, we not only have this problem in merchandise trade deficits, but we also have a provision in our tax law that says we are going to make it easier for companies to do that. Our tax laws say, "We will provide a tax incentive in America's tax code if you will please shut the doors to your plant in America and move your jobs overseas."

We have a tax incentive that says, "Shut your plant down here and move your jobs overseas. We will give you a tax cut."

Interestingly enough, in the bill that went to the President for a veto during this budget battle there was another provision that made it even a sweeter deal to close a plant here and move jobs overseas.

When that bill was in this Chamber, I offered an amendment which would shut down this perverse incentive that says, "If you move your jobs overseas, we will give you a tax break." I said, "Let us shut that down."

If we can agree on anything, it ought to be on this. We ought not give a tax break for moving jobs out of America."

Do you know the vote was a partisan vote, essentially a partisan vote? Ev-

erybody on one side voted for my amendment, everybody on the other side voted against it, and we lost. It makes no sense at all. We need to come together and decide as a matter of economic strategy what we want for this country.

Part of it is a more sensible tax law. Part of it is a more sensible trade strategy that provides fairness and opportunity for American workers and provides for the resurgence of an American manufacturing sector. We need to do that soon.

The reason I mention it today is it in some respects fits with what we are talking about with respect to agriculture. I do not want to build walls. I wish to build bridges. As a fellow who represents a State that needs to find a foreign home for a fair amount of grain, I understand the need for international trade. I want to expand trade, not restrict it.

I wish to make darned sure that the circumstances of trade are represented by fair rules. I do not mind that Americans should have to compete. They must compete and must win in competition, but the competition must be fair. We should not say to an American worker and his family, "You compete against someone overseas making 14 cents an hour employed by someone who does not have to follow any laws with respect to pollution." I say that is not fair. We need to dig into this and be concerned about it and respond to it. It relates to the issue that I described about where we are going with respect to wages and opportunity and where we are going with respect to jobs in this country's future.

Mr. President, I will be in the Chamber tomorrow to offer some amendments and discuss in some detail the alternatives that we will be discussing when we talk about the farm program. There will be some differences, and as I said the major difference between us is that many of us feel we should not withdraw a long-term safety net from family farmers. Notwithstanding those differences, I hope there will be significant agreement as well because I want by the end of the day tomorrow to have this Senate pass out into a conference committee some kind of basic farm legislation. This Senate owes that to American farmers.

Mr. President, I yield the floor, and I make a point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRESSLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SMITH). Without objection, it is so ordered. The Senator from South Dakota.

Mr. PRESSLER. I thank the Chair.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. PRESSLER. Mr. President, I hope that we can enact farm legislation quickly. I just met with a group of farmers in my State. They expressed to me the need to work with their bankers to make their spring plans for planting. They expressed to me the need to have a farm bill passed for purposes of their planning, so that they could have certainty of their investment.

There has been much debate in this Chamber over the years on farm policy. I know that there are currently several approaches that are floating around the Chamber. One is, more or less, some modification of the Freedom to Farm Act, as suggested by Congressman ROBERTS and others, there is another plan to have a new farm bill and another to continue the present farm bill for a year.

I suspect that in this Senate with the need for cloture, it will be hard to get a clean cut decision on any one of those bills. I suspect that we will have to have a compromise of one of those approaches.

Let me say that in talking to the farmers from my State—these particular farmers were grain farmers, corn and wheat farmers—they thought the Freedom to Farm Act would be most advantageous to them from what they had heard and from what they knew about it. They felt strongly that they might even like to try some new crops, crops that they do not presently grow now, or do some experimenting with new crops. Under the traditional farm programs where we have commodity programs for this crop and that crop, as defined in legislation, producers are locked in to growing corn or wheat or whatever. They expressed to me support for planting flexibility under the concept of freedom to farm.

I am concerned about having a cap on who receives benefits. If we had freedom to farm, a cap on the income levels of farmers who might receive benefits or possibly the size of farm or something other test might be needed. There also has been a debate over the budgetary numbers, and we always have different budgetary numbers. Congressman ROBERTS argues that his plan would actually save the taxpayers money and lead us into the time when commodity prices might be much higher.

The advantage to extending the current farm bill would be that we are in the midst of a planting season, that this is a program that our people have become accustomed to and that they can farm and prosper, to some extent.

Underlying all of this is the fact that commodity prices have gone above what the target price trigger is; that is wheat and corn prices are above the level that they receive a subsidy. So farmers are paying back the so-called deficiency payments, and this has caused some hardship because people have used those deficiency payments in their operations. But there is provision for the Secretary of Agriculture to